

Public Workers' Social Security at a Glance



Social Security is part of almost everyone's life...more so than most of us realize. It is one of the most important benefits offered by most public employers to its employees. Most Kentucky public employees are covered for both Social Security and Medicare. (See the DLGS manual on Social Security Coverage at manual4.pdf.) Social Security is also the base upon which most retirement systems are built.

Social Security Benefits

There are five major categories of benefits paid for through your Social Security taxes: retirement, disability, family benefits, survivors and Medicare.

Retirement

The majority of Kentucky public employees who retire will receive social security retirement benefits. Social Security pays monthly retirement benefits to more than 500,000 retirees and their families across Kentucky. Full retirement benefits are now payable at age 65, with reduced benefits available as early as age 62. The age for full benefits will gradually rise starting this year until it reaches age 67 in 2027 for people born after 1959. See the [DLGS fact sheet](http://www.state.ky.us/agencies/finance/depts/ss/full-age.htm) on this issue at <http://www.state.ky.us/agencies/finance/depts/ss/full-age.htm>.

The benefit amount for the average wage earner who retires is about \$1,002 per month. Benefits can equal as much as \$1,648 a month for workers earning the maximum under social security.

Family Benefits

If you are eligible for retirement or disability benefits, other members of your family might receive benefits, too. These include: your spouse if he or she is at least 62 years old or under 62 but caring for a child under age 16; and your children if they are unmarried and under age 18, under 19 but still in school or 18 or older but disabled. If you are divorced, your ex-spouse could be eligible for benefits on your record.

Disability

Benefits are payable at any age to people who have enough Social Security credits and who have a severe physical or mental impairment that is expected to prevent them from doing "substantial" work for a year or more or who have a condition that is expected to result in death. Generally, earnings of \$700 or more per month are considered substantial. The disability program includes incentives to smooth the transition back into the work force, including continuation of benefits and health care coverage while a person attempts to work.

About 150,000 disabled Kentuckians under 65 and more than 55,000 dependents receive assistance under the disability provisions.

Social security disability protection is equivalent to a \$350,000 disability policy for the average wage earner. The average monthly

payment of a disabled worker is about \$805 and about \$1,200 for a disabled worker with a spouse and two or more children.

Survivors

When you die, certain members of your family may be eligible for benefits if you earned enough Social Security credits while you were working. The family members include: a widow(er) age 60 or older, 50 or older if disabled or any age if caring for a child under age 16; your children if they are unmarried and under age 18, under 19 but still in school or 18 or older but disabled; and your parents if you were their primary means of support. A special one-time payment may be made to your spouse or minor children when you die. If you are divorced, your ex-spouse could be eligible for a widow(er)'s benefit on your record.

Social Security survivors' benefits are equivalent to a \$295,000 disability policy for an average wage earner with a spouse and two children.

Medicare

Most Kentucky public employees are covered for both Social Security and Medicare. A few of Kentucky's public employees, such as members of the Kentucky Teachers Retirement System, some police and fire fighters, obtain Medicare coverage by contributing only to the Medicare program.

There are two parts to Medicare: hospital insurance (sometimes called "Part A") and medical insurance (sometimes called "Part B"). Generally, people who are over age 65 and getting Social Security automatically qualify for Medicare. So do people who have been getting disability benefits for two years. Others must file an application.

Part A is paid for by a portion of the Social Security tax of people still working. It helps pay for inpatient hospital care, skilled nursing care and other services.

Part B is paid for by monthly premiums of those who are enrolled and from general revenues. It helps pay for such items as doctor's fees, outpatient hospital visits, and other medical services and supplies.

Figuring Social Security Benefits

Your Social Security benefit is a percentage of your earnings averaged over most

of your working lifetime. Social Security was never intended to be your only source of income when you retire or become disabled, or your family's only income if you die. It is intended to supplement other income you have through pension plans, savings, investments, etc. Low income workers receive a higher rate of return than those in the upper income brackets, but a worker with average earnings can expect a retirement benefit that represents about 42 percent of his or her average lifetime earnings. To get a free estimate of the retirement, disability and survivors benefits that would be payable to you and your family call Social Security at 1-800-772-1213.

Earning Social Security "Credits"

As you work and pay taxes, you earn "credits" that count toward eligibility for future Social Security benefits. You can earn a maximum of four credits each year. Most people need 40 credits (10 years of work) to qualify for benefits. Younger people need fewer credits to qualify for disability or survivors benefits.

The Social Security Number

The benefits you'll receive from Social Security will be calculated on the earnings and other information recorded under your Social Security number. So it's important that you always use the proper number. Also, you should make sure the name you use at work is the same as the name shown on your Social Security card. If you ever change your name, you should change the name on your Social Security card, too (Obtain the SSA form used to [change your name](http://www.ssa.gov/online/ss-5.pdf) at <http://www.ssa.gov/online/ss-5.pdf>). Social Security does not charge for this service. Even young children have Social Security numbers because parents must show the number on their tax return to claim them as dependents.

Paying Social Security Taxes

If you are covered for Social Security and/or Medicare, your governmental employer withholds Social Security and/or Medicare taxes from your paycheck, matches that amount, sends those taxes to the Internal Revenue Service (IRS) and reports your earnings to Social Security.

When And How To File For Social Security

You should file for Social Security benefits when you become too disabled to work and for survivors' benefits when a family breadwinner dies. When you're thinking about retirement, you should talk to a Social Security representative in the year before the year you plan to retire. It may be to your advantage to start your retirement benefits before you actually stop working.

To file for benefits, get information or speak to a Social Security representative, call our toll-free number-1-800-772-1213. You also can use that number to set up an appointment to visit your local Social Security office. Our lines are busiest early in the week and early in the month, so, if your business can wait, it's best to call at other times.

When you file for benefits, you need to submit documents that show you're eligible, such as a birth certificate for each family member applying for benefits, a marriage certificate if your spouse is applying and your most recent W-2 form (or tax return if you're self-employed).

The Social Security Administration treats all calls confidentially-whether they're made to our toll-free numbers, or to one of our local offices. We also want to ensure that you receive accurate and courteous service. That is why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

The Future

The question most often asked about social security is "Will it be there for me?" Consider that social security has been in existence for more than 60 years. It is a flexible program that has been able to change with the needs of the beneficiaries it serves and the workers who provide the financing. Social Security is currently financed well enough to pay all estimated benefits for the next 40 years without any changes...at all! You can count on social security being there when you need it.

Your personal wage history and an estimate of your future social security benefits may be obtained by filing a Form 7004 with the Social Security Administration. The Form 7004 is available from your local social security office or by calling toll-free 1-800-772-1213. You also can reach the SSA on the Internet at <http://www.ssa.gov>.



This is a joint publication prepared and distributed by the Social Security Administration's Frankfort District Office and the Kentucky Division of Local Government Services. More information on Social Security and Medicare benefits is available from:

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**Telephone 502/875-2232
FAX: 502/875-7406
Website: <http://www.ssa.gov>**

State and local employers and employees with Social Security and Medicare coverage and reporting questions should direct inquiries to:

**James Driver, Program Manager
Division of Local Government Services
PO Box 639
Frankfort, KY 40602**

**Telephone: 502/564-3952
FAX: 502/564-2124
Website: <http://sssa.state.ky.us>**

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